

ORIGINAL

Decision No. 43465

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
HURON UTILITY COMPANY, a California Cor-
poration,

- (1) For a Certificate of Public Con-
venience and Necessity to operate
a public utility water system in
an unincorporated area in the
County of Fresno, at and near the
town of Huron, California;
(2) to establish rates for water service
therefor;
(3) for an Order Authorizing the Issue
and Disposition of Stock; and
(4) for an Order Authorizing the Execution
of Contracts.

Application
No. 30312

Crossland & Crossland, by Robert S. Crossland,
for Applicant.

O P I N I O N

In this application, Huron Utility Company asks the Com-
mission to grant it a certificate of public convenience and
necessity authorizing it to acquire and install production and dis-
tribution facilities to conduct a water system as a public utility
in the area to which reference is made herein. Applicant also asks
the Commission to fix its rates for water service; to authorize it
to issue \$16,500 par value of its capital stock, or such other amount
as the Commission may find reasonable; and to authorize it to exe-
cute a contract covering the purchase of a water tank.

A notice of the hearing was published in the Coalinga
Record. Notices of the hearing were also mailed to present con-
sumers. No one appeared at the hearing to protest the granting of
this application.

The area, as amended at the hearing, in which applicant desires to sell water is described as follows:

"PARCEL 1:

All of Violette Tract according to map thereof recorded September 10, 1947 in Volume 13 of Plats at page 76, Fresno County Records. Also all of Blocks 17, 20, 21, 22, 27 and portion of Block 12 of Taylors Addition to the Town of Huron, according to the map thereof recorded May 6, 1888 in Volume 4 of Plats at page 13, Fresno County records, the exterior boundaries being particularly described as follows:

"Beginning at the Southeast corner of said Violette Tract, running thence Westerly along the South line of said Violette Tract and continuing along the South line of Blocks 22 and 27 of said Taylors Addition to the Town of Huron to the Southwest corner of said Block 27; thence Northerly along the West line of said Blocks 27 and 21 to a point on the center line of Myrtle Avenue according to the map of said Taylors Addition to the Town of Huron; thence Northeasterly along the center line of Myrtle Avenue to a point on the center line of Lassen Avenue, being also the East line of said Taylors Addition to the Town of Huron; thence Southerly along the center line of Lassen Avenue along the East boundary of said Taylors Addition to the Town of Huron and continuing along the East boundary of said Violette Tract to the point of beginning.

"PARCEL 2:

All of Tract No. 1008 (Couture-Munyon Tract) according to the map thereof recorded July 14, 1948 in Volume 14 of Plats at pages 18 and 19, Fresno County Records, and all of Blocks 201, 220 and 219 of the Town of Huron, according to the map thereof recorded July 21, 1886 in Book 4, page 12 of Plats, Fresno County Records, also Portion of the North half of the Southwest quarter of Section 11, Township 20 South, Range 17 East, Mount Diablo Base and Meridian, the exterior boundaries being particularly described as follows:

"Beginning at the Southwest corner of the North half of the Southwest quarter of said Section 11, being also the Southwest corner of said Tract No. 1008; running thence Northerly along the West line of said Section 11 to the point of the Southwesterly prolongation of the Southeasterly line of 9th Street of the Town of Huron; thence Northeasterly along the Southeasterly line of 9th Street and its Southwesterly prolongation to a point on the center line of "L" Street of the Town of Huron; thence Southeasterly along the center line of "L" Street to a point on the center line of 8th Street; thence Northeasterly along the center line of 8th Street to a point on the center line of "M" Street; thence Southwesterly along the center line of "M" Street to a point on the center line of 7th Street; thence Northeasterly along the center line of 7th Street to a point on the Northeasterly line of "O" Street; thence Southeasterly along the Northeasterly line of "O" Street of the Town of Huron and its Southeasterly prolongation to a point on the East line of the North half of the Southwest quarter of said Section 11; thence Southerly along said East line to the Southeast corner of the North half of the Southwest quarter of said Section 11; thence

Westerly along the South line of the North half of the Southwest quarter of said Section 11 and the South line of said Tract No. 1006 to the point of beginning.

"PARCEL 3:

Blocks 8, 9, 10, 11 and 16 in the Taylor Addition to the Town of Huron."

The Huron Development Company was incorporated in 1945 for the purpose of leasing and selling real estate, industrial sites, commercial sites and home sites in and adjacent to Huron. The water supply available was not sufficient to meet the demand of packing sheds and an ice plant. To obtain an adequate water supply, Huron Development Company, at a cost of about \$22,000, drilled and equipped a 1,900-foot well. It also constructed, at a cost of \$3,054.46, a 50,000-gallon cistern, and at a cost of \$986.65, a 14-inch pipe line of 1,752-foot length connecting the well and the cistern. Presently Huron Development Company is selling water for domestic and commercial purposes. It desires to segregate the sale of water for domestic and commercial purposes from its other operations. Therefore, its stockholders have caused to be organized under the laws of California, the Huron Utility Company, a corporation.

Installed at the cistern is a turbine pump directly connected to a 10 h.p. electric motor, which delivers the water into a 30,000-gallon steel tank mounted on an 80-foot tower. From there the water is delivered by gravity to consumers through about 12,000 feet of mains varying in size from two to six inches. As of June 30, 1949, 41 customers were being served by the water system which applicant intends to acquire.

Applicant has entered into an agreement (Exhibit "E") with Angele Mouron to acquire from her, at a cost of \$10,773.85, the

30,000-gallon steel storage tank and eighty-foot steel tower. The purchase price is payable in 10 equal annual installments of \$1,077.38 each, together with interest on all deferred payments at the rate of 4% per annum, payable annually. The agreement provides that the sale is to be made as of July 1, 1947. The record shows that a sum equal to three annual payments has been made on the contract, leaving due on the principal a balance of \$7,541.71. The Huron Development Company has advanced to applicant the funds necessary to make the payments on the agreement.

Pursuant to the terms of the agreement filed in this application as Exhibit "D", the sub-divider of Parcel 1 has advanced the funds necessary to install the distribution system in that area. The amount advanced by the sub-divider was \$9,300. The cost of the distribution system is reported at \$9,696.20. Applicant agrees that for a period of 10 years it will refund to the sub-divider, or other party entitled thereto, annually, 35% of its gross revenues collected from consumers obtaining water from mains in said parcel, provided that the total payments thus made by applicant shall not exceed the amount of the sub-divider's deposit without interest.

Huron Development Company has financed the cost of installing the distribution system in Parcel 2 mentioned above.

The cost of the tangible capital which applicant proposes to acquire is, in Exhibit "6", reported at \$27,383.03. The amount is segregated as follows:

<u>Item</u>	<u>Cost</u>	<u>Depreciation re- serve requirement</u>
Pumping equipment	\$ 1,289.47	\$122.51
Distribution mains	13,083.85	253.87
Distribution tanks	10,773.85	51.47
Hydrants	282.70	3.38
Services	613.40	18.92
Meters	<u>1,339.76</u>	<u>23.70</u>
Total tangible capital	<u>\$27,383.03</u>	<u>\$473.85</u>

Deducting from the \$27,383.03 the balance (\$7,541.71) due under the Angele Mouren agreement, the advance (\$9,300) by the subdivider for the distribution system in Parcel 1, and the depreciation reserve requirement (\$473.85), leaves a balance of \$10,067.47 which may be used at this time as a basis for the issue of stock.

Applicant represents that it needs the proceeds from the sale of \$1,551.52 (a balancing figure to bring its requested stock issue up to \$16,500) of stock to pay organization expenses, legal fees, and provide itself with an operating fund. The order herein will authorize applicant to issue \$10,100 par value of stock in payment for properties and \$1,600 par value of stock for cash, the cash to be used to pay organization expenses, legal fees, and to maintain and improve applicant's service.

All of the stock which applicant will issue will be acquired by Couture Farms, a co-partnership. Couture Farms owns all of the outstanding stock of Huron Development Company.

Applicant asks, in its application, permission to charge the following metered rates:

<u>Minimum Charge Per Month:</u>	<u>Per Meter Per Month</u>
For 5/8" to 3/4" meter	\$2.50
For 3/4" meter	2.75
For 1" meter	3.00
For 1 1/2" meter	5.00
For 2" meter	10.00
For 3" meter	15.00
For 4" meter	20.00

Monthly Quantity Rates:

First 5,000 gals. or less	2.50
Next 10,000 gals. per 1,000 gals.30
Next 15,000 gals. per 1,000 gals.27 1/2
Over 30,000 gals. per 1,000 gals.25

Special rate to operator of the certificate granted by Decision No. 41631 in Application No. 29072, which is now owned by Angele Mouren - 8¢ per 1,000 gallons.

Applicant will acquire all of the water which it sells from Huron Development Company. A copy of water sale agreement is on file in this application. It provides that the charge for water is to be "a reasonable charge taking into consideration the investment of the Development Company in said well, depreciation, maintenance, replacement, and all other proper charges which are usually and ordinarily reasonable and properly chargeable to the production of water from similar wells, plus a reasonable amount as a reasonable profit." Until changed, the price to be charged for water is seven cents per 1,000 gallons conveyed by the Development Company to said cistern. The testimony shows that under present conditions a charge of seven cents per 1,000 gallons is a reasonable charge.

At the hearing, applicant requested that the rate for sale of water to Angele Mouren be increased from 8¢ to 10¢ per 1,000 gallons. It is alleged that the 8¢ charge is not sufficient to cover the cost of pumping the water from the cistern to the tank.

For the eight months ending August 31, 1949, the revenues of the water system were reported at \$2,681.67, while the expenses, exclusive of depreciation and overhead cost, were estimated at \$2,723. The rates proposed by applicant at the hearing are justified.

Applicant has been granted by the Board of Supervisors of Fresno County a permit to enter into, or under, or across county roads for the purpose of constructing, repairing and maintaining its water mains and system. A copy of the permit is on file in this application.

The certificate of public convenience and necessity hereafter granted is subject to the following provisions of law:

That the Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity or the right to own, operate or enjoy such certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as the consideration for the issuance of such certificate of public convenience and necessity or right.

O R D E R

A public hearing having been held on the above entitled application, the matter having been submitted, the Commission being fully advised and it being of the opinion that the money, property or labor to be procured or paid for by the issuance of \$11,700 par value of common capital stock and the execution of said contract by Huron Utility Company is reasonably required by it for the purposes herein stated, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, that the rates herein fixed are justified, and that this application

should be granted, as herein provided; therefore,

IT IS HEREBY FOUND AS A FACT that public convenience and necessity require and will require the acquisition, construction and operation of a public utility water system by Huron Utility Company in the area described in the foregoing opinion; therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be, and it is hereby, granted to Huron Utility Company, a corporation, to construct, acquire, operate and maintain a public utility water system for the production, distribution and sale of water within the territory described in the foregoing opinion.

IT IS HEREBY FURTHER ORDERED as follows:

1. Huron Utility Company may issue and deliver, after the effective date hereof and on or before December 31, 1949, in part payment for the properties referred to in the foregoing opinion, not exceeding \$10,100 par value of its common capital stock, and may issue and sell, at the par value thereof, \$1,600 par value of its capital stock and use the proceeds to pay organization expenses, legal fees, and for the maintenance and improvement of its service.

2. Huron Utility Company may execute an agreement in form similar to the agreement on file in this application as Exhibit "E", pursuant to which agreement it is acquiring said 30,000-gallon storage tank and tower.

3. Huron Utility Company shall file in quadruplicate with this Commission, within ten (10) days after the effective date of this order, in conformity with General Order No. 96, the schedule of

rates shown in Exhibit "A" attached hereto, said tariff to become effective for all water service rendered to customers after December 1, 1949.

4. Within thirty (30) days after the effective date of this order, Huron Utility Company shall file with the Commission four sets of rules and regulations governing relations with its customers, each set of which shall contain a suitable map or sketch drawn to an indicated scale upon a sheet $8\frac{1}{2}$ x 11 inches in size, delineating thereupon by distinctive markings the boundaries of the present service area and the location thereof with respect to the immediate surrounding territory; provided, however, that such filing shall not be construed as a final or conclusive determination or establishment of the dedicated area of service or any portion thereof.

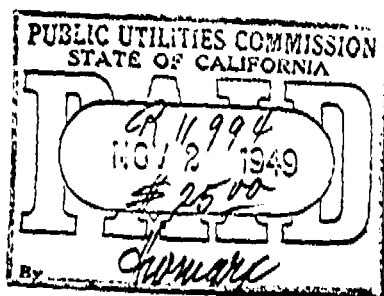
5. Within thirty (30) days after the effective date of this order, Huron Utility Company shall file four copies of a comprehensive map drawn to an indicated scale of not less than 400 feet to the inch, delineating by appropriate markings the various tracts of land, territory served and to be served, and the location of the various facilities and properties of the applicant.

6. Huron Utility Company shall file with the Commission, on or before January 31, 1950, a statement showing the number of shares of stock issued under the authority herein granted, to whom said shares were issued, and the consideration received therefor.

7. The effective date of this order shall be twenty (20) days after the date hereof, and when Huron Utility Company has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which minimum fee is twenty-five (\$25.00) dollars.

Dated at San Francisco, California, this 1st day
of November, 1949.

R. E. Zimmerman
James J. Green
Leah P. Lammell
Harold P. Kule
Kenneth P. Potter
Commissioners



Schedule No. 1

GENERAL METERED SERVICEAPPLICABILITY

Applicable for all water service rendered on a measured basis.

TERRITORY

In and in the vicinity of the unincorporated town of Huron, Fresno County, in the subdivision known, as Couture-Munyon Tract, Violette Tract, and Blocks 8-9-10-11-16 in Taylor Addition to the town of Huron.

RATES

<u>Minimum Charge Per Month:</u>	<u>Per Meter Per Month</u>
For 5/8" to 3/4" meter	\$ 2.50
For 3/4" meter	2.75
For 1" meter	3.00
For 1 1/2" meter	5.00
For 2" meter	10.00
For 3" meter	15.00
For 4" meter	20.00

Each of the foregoing monthly minimum payments will entitle the customer to the quantity of water which that minimum monthly payment will purchase at the following quantity rates.

Monthly Quantity Rates:

First 5,000 gallons or less	2.50
Next 10,000 gallons per 1,000 gallons30
Next 15,000 gallons per 1,000 gallons27 1/2
Over 30,000 gallons per 1,000 gallons25

NOTE:

Special rate to Mouren Water Service of 10¢ per 1,000 gallons of water for all water delivered.